

SEPTEMBER 20, 2001

**SCHAKOWSKY STATEMENT TO FIRST ANNUAL EASTERN REGIONAL CONFERENCE
FOR THE AMERICAN GUILD OF APPRAISERS**

I want to thank you for your kind invitation to the First Annual Eastern Regional Conference for the American Guild of Appraisers. Unfortunately, due to the senseless tragedies that shook our nation this past week, I am unable to be with you today. However, I wish to reassure you that the Congress is united in spirit with every citizen of our country. Our government is mobilized now to provide assistance to the victims of the attack, to take protective security measures, and to bring to justice those responsible for this atrocity.

I want to begin by thanking the American Guild of Appraisers, President William Sentner, the AFL-CIO and all of you for all your hard work on behalf of the millions of homebuyers. All across the nation, potential homebuyers and homeowners rely on you to provide honest and accurate assessments of the value of residential and commercial buildings. Your advice to consumers can make or break a real estate deal. As appraisers, you help reduce fraud, foreclosure risk, and the possibility that buyers will get stuck with high mortgages for homes worth a lot less.

You are professionals who play an integral role during the complicated home buying process and in the lending market. Based largely on your fair, accurate, and unbiased assessment, homebuyers make decisions on the largest investment of their lifetime. And as appraisers, you represent the last line of defense between future homebuyers and the often unmanageable, confusing and increasingly predatory real estate market.

But your profession is facing a real threat. Some brokers and lenders are finding ways to get around you and to pressure you to provide inaccurate appraisals. No matter the condition of the property or other factors, many lenders and brokers are expecting you to meet a certain price. Otherwise, you, the appraiser, will pay the price in the future. In other words, you will get less business or you may even lose your business for wanting to do the right thing.

For the past two years, I have been working to stop predatory lending practices and pressures on independent appraisers. My staff and I have been briefed about this situation by your President Bill Sentner. I have heard numerous reports of appraiser intimidation. Recently, I read that an appraiser in Oklahoma lost business for refusing to "fudge" the numbers. He appraised a home for \$68,200, but the lender wanted the buyer to pay \$87,000. And the buyer, especially in today's tight housing market, was happy to pay that much. The lender found another way to get the "right" appraisal and now, the owner is stuck with a home that is worth less than the mortgage.

That's why I was very proud to introduce the Save our Homes Act of 2001, H.R. 2531, a

comprehensive initiative that will protect homeowners and buyers from the growing predatory lending practices in the mortgage industry, including the coercion of appraisers. Those unsavory practices have led to a staggering increase in home foreclosures in many parts of the country.

I believe, like you do, that homebuyers need protections from predatory lenders and brokers out to make a fast buck by destroying the lives of families and stealing away the equity they've built over the years in their homes. Predatory lenders are thieves, preying on consumers who are house rich, but cash poor. They don't wear ski masks or hold a gun to your head. They come knocking on your door with neckties and loan papers, charge you credit card high interest rates, and steal the equity that you've built in your home.

The Save our Homes Act would attack predatory practices in the mortgage industry such as high interest rates, single premium insurance products, loan flipping and churning, unilateral call provisions, and loans made without regard to the borrower's ability to pay. The legislation would also give consumers the ability to recover all interest, fees, and principal from lenders and mortgage brokers.

And working with the American Guild of Appraisers and those who believe that the work of an appraiser must truly remain independent, I included a provision to ensure that appraisers are free to give accurate appraisals and that they are free from intimidation or coercion. Specifically, the provision states:

No creditor or mortgage broker may compensate, directly or indirectly, coerce, or intimidate an appraiser for the purpose of influencing the independent judgment of the appraiser with respect to the value of real estate that is to be covered by a conforming home loan or is being offered as security according to an application for a conforming home loan.

Consumers have a right to know. They have a right to know how much a property is really worth. They have a right to be confident that your appraisal is true and unbiased, and they have a right to feel safe when they sign on that dotted line. And you have a right to carry out your job with honesty and integrity, without pressure or harassment. Together we can help guarantee that right by working side by side to drive predators out of business and restore honesty to the marketplace.